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Special Counsel to Debtors
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

: Chapter 11 Case No.

LEHMAN BROTHERS HOLDINGS INC., et al.

: 08-13555 (JMP)

Debtors

: (Jointly Administered)

**APPLICATION OF
KLEYR GRASSO ASSOCIES, SPECIAL COUNSEL TO
THE DEBTORS AND DEBTORS IN POSSESSION, FOR FINAL ALLOWANCE OF
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES
FOR THE PERIOD FROM JUNE 1, 2009 THROUGH MARCH 6, 2012**

Name of Applicant:

KLEYR GRASSO ASSOCIES

Role in Case:

Special Counsel to Debtors and
Debtors in Possession

Date of Retention:

June 1, 2009

Period for which Compensation
and Reimbursement are Sought:

June 1, 2009 to March 6, 2012

Amount of Compensation Sought
as Actual, Reasonable and Necessary:

\$ 1,214,959.80 (being the equivalent
amount of € 882,114.00)

Amount of Disbursements and Expenses
Reimbursement Sought as Actual,
Reasonable and Necessary:

\$ 18,147.02 (€ 13,453.81)

Total Amount Sought:

\$ 1,233,106.82 (€ 895,567.81)

This is a:

Final Fee Application

Prior Applications:

First Interim Fee Application relating to the period June 1, 2009 to January 31, 2010 filed on April 12, 2010

Second Interim Fee Application relating to the period February 1, 2010 to May 31, 2010 filed on August 16, 2010

Third Interim Fee Application relating to the period June 1, 2010 to September 30, 2010 filed on December 14, 2010

Fourth Interim Fee Application relating to the period October 1, 2010 to January 31, 2011 filed on June 1, 2011.

Fifth Interim Fee Application relating to the period February 1, 2011 to May 31, 2011 filed on August 12, 2011.

Sixth Interim Fee Application relating to the period June 1, 2011 to September 30, 2011 filed on December 12, 2011.

Seventh Interim Fee Application relating to the period October 1, 2011 to March 6, 2012 filed on May 21, 2012.

Prior Amounts Requested

Fees Previously Requested:

First Interim Fee Application
\$ 244,551.07 (€ 180,015.50)

Second Interim Fee Application
\$ 198,958.50 (€ 150,809.00)

Third Interim Fee Application
\$ 65,871.59 (€ 50,125.00)

Fourth Interim Fee Application
\$ 72,948.45 (€ 54,597.00)

Fifth Interim Fee Application
\$ 250,153.93 (€ 172,711.00)

Sixth Interim Fee Application
\$ 273,820.26 (€ 193,111.00)

Seventh Interim Fee Application
\$ 108,656.00 (€ 80,745.50)

Fees Previously Awarded:

First Interim Fee Application
\$ 216,918.02

Second Interim Fee Application
\$ 123,264.86

Third Interim Fee Application
\$ 54,979.70

Fourth Interim Fee Application
\$ 72,508.07

Fifth Interim Fee Application
\$ 242,152.99

Sixth Interim Fee Application
Pending

Seventh Interim Fee Application
Pending

Disbursements and Expenses Previously Requested:

First Interim Fee Application
\$ 3,981.74 (€ 2,930.98)

Second Interim Fee Application
\$ 4,706.27 (€ 3,595.88)

Third Interim Fee Application
\$ 2,138.00 (€ 1,627.42)

Fourth Interim Fee Application
\$ 1,602.96 (€ 1,208.41)

Fifth Interim Fee Application
\$ 2,087.87 (€ 1,454.59)

Sixth Interim Fee Application
\$ 1,927.05 (€ 1,352.06)

Seventh Interim Fee Application
\$ 1,703.13 (€ 1,284.47)

Disbursements and Expenses Previously Awarded:

First Interim Fee Application
\$ 2,935.61

Second Interim Fee Application
\$ 3,780.13

Third Interim Fee Application
\$ 2,138.00

Fourth Interim Fee Application
\$ 1,602.96

Fifth Interim Fee Application
\$ 2,087.87

Sixth Interim Fee Application
Pending

Seventh Interim Fee Application
Pending

Aggregate Amounts Paid to Date: \$ 966,552.78

**SUMMARY OF TIME CHARGES AND HOURLY RATES BY PROFESSIONAL FOR
PERIOD FROM JUNE 1, 2009 THROUGH MARCH 6, 2012**

Below is a list of each individual at KLEYR GRASSO ASSOCIES who has performed work during the Compensation Period, as defined later herein, on behalf of the Debtors, the position of each such individual in the Firm, the year of admittance to practice of each individual, his or her hourly billing rate, the aggregate time expended by each individual during the Compensation Period, and the amount of KLEYR GRASSO ASSOCIES fees attributable to each individual during the Compensation Period.

We wish to stress, in order to avoid any confusion, that internally, junior lawyers, although already admitted to the Luxembourg Bar Association ("avocats") rank as (Junior) Associates, with the lowest billing rates applied by our firm.

After having passed and succeeded a "second" bar examination, they will become qualified lawyers ("avocats à la Cour") and their internal status will be Associate, with a higher billing rate.

Accordingly, the trainee lawyers, Associates, ranking internally as Junior, can be distinguished from the qualified lawyers, Associates, using their billing rate¹ of (€ 195.-), while the usual billing rate of (non Junior) Associates is (€ 255.-).

All amounts herein are set out in US dollars and additionally in the conversion amount in euros.

The US dollars amounts set forth herein result from the addition of all the USD amounts set forth in the relevant monthly statements, whereby such amounts were converted from euro to US dollars using the official exchange rate of the European Central Bank either (i) as of the day of submission of the relevant monthly statement or (ii) as of the last day of the month for which compensation is sought, depending on the Fee Committee guidelines applicable at the relevant period.

Total fees for the Compensation Period: € 882,114.00 / \$ 1,214,959.80

Total disbursements and expenses for the Compensation Period: € 13,453.81 / \$ 18,147.02

¹ Please note that billing rates applied by KGA have been increased (for one time during this Chapter 11 case) with effect as of January 1, 2011, as further disclosed in a supplemental declaration filed on May 3, 2011 [Docket No 16534].

Name of Professional & Title	Year Admit ted to Practi ce	Billing Rate in EUR ²	Total Hours Billed	Fee Totals in USD	Fee Totals in EUR
Rina Breininger, Partner	1985	€ 420.-	492:00	\$ 268,684.39	€ 196,360.50
Marc Kleyr, Managing Partner	1991	€ 420.-	341:48	\$ 195,952.67	€ 139,734.00
Rosario Grasso, Partner	1991	€ 420.-	01:12	\$ 629.08	€ 472.50
François Collot, Partner	1995	€ 420.-	01:18	\$ 785.42	€ 546.00
Patrick Chantrain, Partner	1996	€ 420.-	01:24	\$ 732.23	€ 539.00
Pascal Sassel, Partner	2002	€ 420.-	197:30	\$ 116,848.14	€ 81,935.00
Ilaria Ricci, Senior Associate	2004	€ 295.-	0:36	\$ 224.15	€ 165.00
Jérôme Burel, Senior Associate	2005	€ 295.-	993:06	\$ 353,503.68	€ 258,812.50
Henry De Ron, Associate	2008	€ 255.-	132:18	\$ 47,584.18	€ 33,584.50
Katia Bartholomé, Associate	2009	€ 255.-	323:12	\$ 90,068.49	€ 65,456.00
Jacqueline Geleschus, Associate	2008	€ 195.-	591:48	\$ 138,711.13	€ 103,599.00
Christoph Müller, Associate	2009	€ 195.-	01:48	\$ 427.93	€ 315.00
Christine Schweich, Associate	2009	€ 195.-	01:06	\$ 261.51	€ 192.50
Anna Machura, Associate	2010	€ 195.-	02:18	\$ 546.80	€ 402.50
TIME CHARGES TOTAL:			3081:24	\$ 1,214,959.80	€ 882,114.00

Total Hours: 3081:24

Total Fees: \$ 1,214,959.80 (€ 882,114.00)

Blended Hourly Rate: \$ 394.29 (€ 286.27)

² Please note that those are the rates currently applicable while billing rates applied by KGA have been increased (one time during this Chapter 11 case) with effect as of January 1, 2011, as further disclosed in a supplemental declaration filed on May 3, 2011 [Docket No 16534]. Obviously the hours spent prior to January 1, 2011 have been invoiced at the rates (slightly lower) applicable at that time (Partner: € 385.-, Senior Associate: € 275.-, Associate: € 235.- and (Junior) Associate: € 175.-)..

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FOR THE PERIOD FROM JUNE 1, 2009 THROUGH MARCH 6, 2012

KLEYR GRASSO ASSOCIES ("Kleyr Grasso"), special counsel for Lehman Brothers Holdings Inc. and its affiliated debtors in the above-referenced chapter 11 cases (collectively, the "Debtors"), submits this final fee application (the "Final Fee Application") seeking allowance of (a) compensation for professional services rendered by Kleyr Grasso to the Debtors in the amount of \$ 1,214,959.80 (€ 882,114.00) and (b) reimbursement of actual and necessary expenses and disbursements incurred by Kleyr Grasso in the rendition of required professional services on behalf of the Debtors in the amount of \$ 18,147.02 (€ 13,453.81), in each case for the period from June 1, 2009 through March 6, 2012 (the "Compensation Period") pursuant to section 330(a) of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the "UST Guidelines"), General Order M-389, Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases (the "Local Guidelines"), the Fourth Amended Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(b) Establishing

Procedures for Interim Monthly Compensation of Professionals, entered in these cases on April 14, 2011 (the "Interim Compensation Order"), and the Fee Committee Guidelines (as defined below and, collectively with the UST Guidelines, the Local Guidelines and the Interim Compensation Order, the "Guidelines"). In support of this Final Fee Application, Kleyr Grasso respectfully represents as follows:

Jurisdiction and Venue

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

2. On March 25, 2010, the Court entered the Order Pursuant to Sections 327(e) and 328(a) of the Bankruptcy Code Authorizing the Employment and Retention of Kleyr Grasso as Special Counsel to the Debtors, *nunc pro tunc* to the Engagement Date (the "Retention Order", [Docket No. 7825]).

3. Pursuant to the Retention Order, Kleyr Grasso has been retained to continue its engagement as local counsel in Luxembourg in relation to insolvency law and corporate law issues/questions which arise or may arise in relation to direct or indirect subsidiaries as well as affiliates for which it is likely that these are Luxembourg entities/undertakings of LBHI (the "Luxembourg Entities"); thus Kleyr Grasso provides legal services as to the Debtors in matters not directly related to these chapter 11 cases, but solely concerning the Luxembourg Entities and Luxembourg law (the "Luxembourg Matters"). Kleyr Grasso does not and will not represent the Lehman Entities with respect to matters pending or that may arise in this Court, other than matters pertaining to Kleyr Grasso's employment. On August 23, 2011, Kleyr Grasso filed a declaration / supplemental declaration and disclosure statement of Maître Marc Kleyr on behalf of Kleyr Grasso Associes in relation to some separate engagements with certain Luxembourg Entities [Docket No. 19433].

4. In accordance with all applicable orders and guidelines, Kleyr Grasso has filed seven applications for allowances of interim compensation and reimbursement of expenses incurred during the Compensation Period (the "Interim Applications"). The following chart identifies the Interim Applications and the orders entered with respect to such applications:

	Application		Order	
First Interim Application	April 12, 2010	ECF No. 8241	September 7, 2010	ECF No. 11185
Second Interim Application	August 16, 2010	ECF No. 10774	May 19, 2011	ECF No. 16976
Third Interim Application	December 14, 2010	ECF No. 13464	November 10, 2011	ECF No. 21937
Fourth Interim Application	June 1, 2011	ECF No. 17264	November 30, 2011	ECF No. 22775
Fifth Interim Application	August 12, 2011	ECF No. 19208	December 21, 2011	ECF No. 23626
Sixth Interim Application	December 12, 2011	ECF No. 23214	N/A	N/A
Seventh Interim Application	May 21, 2012	ECF No. 27991	N/A	N/A

5. The Interim Applications describe in great detail the extensive services performed during each interim period. Each Interim Application includes as exhibits a summary of all services rendered by Kleyr Grasso during the Compensation Period by project category, a summary table identifying every timekeeper who provided services in each task code with the relevant hours and fees expended per task code during the Compensation Period, and a summary of time charges and hourly rates by professional. The Interim Applications also include exhibits specifying the categories of expenses for which Kleyr Grasso is seeking reimbursement and the total amount for each such expense category. Copies of detailed time and itemized expense records were attached to the Interim Applications. The Interim Applications and the various affidavits filed in support of Kleyr Grasso's retention are incorporated by reference as if set forth fully herein³.

Relief Requested

6. Prefixed to this Final Fee Application is a cover sheet which includes a schedule setting forth the names of all Kleyr Grasso professionals who have performed services for which compensation is sought, the person's position in the Firm, and the year each lawyer was first admitted to practice law. In addition, the schedule sets forth for each person (a) the current applicable hourly rate(s), (b) the total hours billed during the Compensation Period, and (c) the total compensation for such hours. The rate for each of the individuals listed in afore mentioned cover sheet is equal to the billing rate for such individual's time for similar services to clients in connection with other similar matters. Kleyr Grasso believes that these rates are equal to or less than the rates charged by professionals with similar experience.

³ Kleyr Grasso filed affidavits and/or supplemental declarations in support of its retention on November 17, 2008 [ECF No. 1547], May 3, 2011 [ECF No. 16534] and August 23, 2011 [ECF No. 19433]. All required certifications were made in connection with the Interim Applications and are reaffirmed.

7. By this Final Fee Application, Kleyr Grasso seeks allowance for payment of \$ 1,214,959.80 (€ 882,114.00). The final compensation and reimbursement requested by this Final Fee Application includes the aggregate amounts that previously have been requested as part of the Interim Applications and which were partially allowed and paid as interim compensation, subject to the instant application.

8. During the Compensation Period Kleyr Grasso lawyers expended a total of roughly 3082 hours for services provided in connection with the Luxembourg Matters (more precisely described in the Interim Applications), and incurred fees in the total amount of \$ 1,214,959.80 (€ 882,114.00), and disbursements and expenses in the total amount of \$ 18,147.02 (€ 13,453.81) in connection with such services.

9. The services performed and expenses incurred by Kleyr Grasso during the Compensation Period were provided only on behalf of and rendered a benefit to LBHI.

10. In sum, pursuant to this Final Fee Application, Kleyr Grasso hereby seeks allowance and compensation from the Debtors' estates of the following:

(a) Compensation for professional services rendered during the Compensation Period in the aggregate amount of \$ 1,214,959.80 (€ 882,114.00); and

(b) Reimbursement of disbursements and expenses incurred during the Compensation Period in connection with such services in the aggregate amount of \$ 18,147.02 (€ 13,453.81).

11. During the Compensation Period, Kleyr Grasso encountered a variety of challenging legal issues, often requiring substantial research and negotiation. When possible, Kleyr Grasso delegated tasks to lower cost junior lawyers, being stressed that Kleyr Grasso, as a small sized law firm in Luxembourg, does not employ so-called "paralegals" often employed at the level of U.S. law firms. This approach has resulted in enhanced cost efficiency. Kleyr Grasso submits that the services it rendered were beneficial to the Debtors' estate and were performed efficiently, economically and effectively and in a manner commensurate with the complexity, importance and nature of the problems, issues and tasks involved. Moreover, the Firm's request for compensation is reasonable in light of the nature, extent, and value of its services to the Debtors. Accordingly, approval of the compensation for professional services sought herein is warranted. The Interim Applications contain fulsome descriptions of all categories of services. As the Interim Applications have been incorporated by reference herein, it is unnecessary and

would be inefficient, duplicative and burdensome to repeat and restate in details all services performed and particular accomplishments achieved during the Compensation Period by Kleyr Grasso's professionals.

12. Section 330 of the Bankruptcy Code authorizes "reimbursement for actual, necessary expenses" incurred by professionals employed under section 327 of the Bankruptcy Code. The total amount of the expenses and disbursements is \$ 18,147.99 (€ 13,453.81) for the Compensation Period, as detailed in the exhibits attached to the Interim Applications.

The Requested Compensation Should Be Allowed

13. Section 330 of the Bankruptcy Code provides that the Court may award a professional person employed under section 327 or 1103 of the Bankruptcy Code:

(A) reasonable compensation for actual, necessary services rendered by the trustee, examiner, professional person, or attorney and by any paraprofessional person employed by any such person; and

(B) reimbursement for actual, necessary expenses. 11 U.S.C. § 330(a)(1). Section 330(a)(3)(A) further provides the following standards for the Court's review of a fee application:

14. In determining the amount of reasonable compensation to be awarded, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including:

(A) the time spent on such services;

(B) the rates charged for such services;

(C) whether the services were necessary to the administration of, or beneficial at the time the service was rendered toward the completion of, a case under this title;

(D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed; and

(E) whether the compensation is reasonable, based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title. 11 U.S.C. § 330(a)(3)(A).

15. Kleyr Grasso respectfully submits that it has satisfied the requirements for the allowance of the compensation and reimbursement of expenses sought herein. The services described above, at the time they were provided, were necessary and beneficial to the administration of the Debtors' chapter 11 cases. Kleyr Grasso's services were consistently performed in a timely manner, commensurate with the complexity of the issues facing the Debtors and the nature and importance of the problems, issues, and tasks. Furthermore, the compensation sought by Kleyr Grasso is reasonable because it is based on the customary compensation charged by comparably skilled practitioners outside of bankruptcy. Accordingly, approval of the compensation sought herein is warranted.

Statements of Kleyr Grasso Pursuant to Bankruptcy Rule 2016(a)

16. No agreement or understanding exists between Kleyr Grasso and any third person for the sharing of compensation, except as allowed by section 504(b) of the Bankruptcy Code and Bankruptcy Rule 2016 with respect to the sharing of compensation between and among partners of Kleyr Grasso. All of the services for which compensation is sought in this Final Fee Application were rendered at the request of, and solely on behalf of, the Debtors, and not at the request of, or on behalf of, any other person or entity.

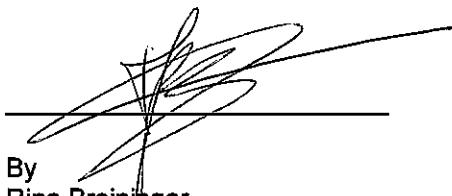
Notice

17. Notice of this Final Fee Application will be given to (a) the Debtors; (b) counsel to the Debtors; (c) the U.S. Trustee; (d) counsel to the Creditors' Committee; and (e) the Fee Committee. Kleyr Grasso respectfully submits that no other or further notice is required.

WHEREFORE, Kleyr Grasso respectfully requests that the Court enter an order: (a) allowing compensation of \$ 1,214,959.80 (€ 882,114.00) to Kleyr Grasso for professional services rendered as special counsel for the Debtors during the Compensation Period, plus reimbursement of actual and necessary expenses and disbursements incurred in the sum of \$ 18,147.02 (€ 13,453.81), in connection with Kleyr Grasso's services during the Compensation Period; (b) authorizing and directing the Debtors to pay to Kleyr Grasso any and all unpaid amounts for the Compensation Period in the amount of \$ 266,554.04 and (c) granting to Kleyr Grasso such other and further relief as the Court may deem proper.

Dated July 5, 2012

KLEYR GRASSO ASSOCIES


By
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